



Auctions win big in a losing economy

For bargain hunters and auctioneers, today's hard times are sending discounts and a lot of business their way.

By Allan Chernoff, CNN Senior Correspondent
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NEW YORK (CNN) -- "I have 500 out of the gun bid. 500. Now 600," rattles auctioneer Herb Mauthner standing on a stepladder before an elegant French Renaissance style sofa. "Now 700. 700 bid, want to go 800. 750 then, I have 700 now."

The assembled bidders eye each other. There's a two-second pause.

"At 700. Once. Twice. Last call. Fair warning. SOLD for 700!"

This is the sound of the economy's silver lining.

While the recession is a giant cloud hanging above American businesses and consumers, there are still winners in the losing economy. Among them are auctioneers and their bargain-hunting bidders.

The seller

"I feel I've been blessed by helping out the people in need that are looking to liquidate their inventory," said Herb Mauthner, owner of Mountain Auctioneers, Inc.

Mauthner moves hard-to-sell merchandise and helps companies close stores and even go out of business.

"We have definitely had a large increase in sales, and we have been contacted numerous times by various businesses that are looking for a way out," he said.

Today Mauthner is auctioning off the contents of "Fabrics & Fabrics", a European-style home furnishings store in New Hyde Park, N.Y., which offered furniture and decorating services for 15 years and is now closing down.

The buyers

An advertisement for "GET SMALL BUSINESS ADVICE". The text reads: "GET SMALL BUSINESS ADVICE from the experts. Ask our editors questions about your small business needs. Click here to submit your questions." Below this is the Verizon Wireless logo with the text "presented by". To the right of the text is a large, stylized question mark.

For shoppers, the auction is like walking into a post-Holiday sale where prices are discounted by 70% or more. (To find auctions in your neighborhood go to the auction calendar at auctioneers.org.)

"I used to go to big stores," raved Saima Fareed as she admired the elaborate fireplace and mantel she had just purchased for \$275. The prices are so good, said Fareed, that she frequently re-furnishes her home by buying at auctions. "It's a great deal. It's really, really cheap. Not even half the price," she said.

Two French commodes sold for \$200 apiece at the Fabrics & Fabrics auction, not even 1/7th of what they're valued by the store. Finely upholstered living room chairs went at \$75 each, a fraction of their \$650 value.

Donald Easterlin, a retiree who shops at auctions, purchased area rugs, a stylish bedroom chair, and an elaborate window treatment for \$100 each at the Fabrics & Fabrics auction.

"It's really beautiful to me, something my wife would really like," said Easterlin, showing off the drapery and rod he had just bought. "Today I saved at least a thousand dollars, at least a thousand dollars!"

While shoppers hope for bargains, the auctioneer, who receives 10% of the proceeds, tries to entice bidders to raise their offers.

"We bring out a lot of excitement and enthusiasm," said Mauthner. "We want happy buyers. We want happy sellers. We want to make everybody happy."

The liquidator

Not so happy is Fabrics & Fabrics owner Joseph Smiri who is resigned to auctioning his inventory at below cost because business dried up in the past five months.

"You're going to lose a lot of money here," acknowledged Smiri. "Definitely, but you know, if you stay in the business and the business is not there, you're going to lose more."

A booming business

Mauthner says his mission is not to take advantage of others' misfortunes. Rather, it's to help them raise as much cash as quickly as possible.

Auctioneers across the country are seeing an increase in demand for their services.

"We've had a great year, done very well," said Kim Hagen, President of Hagen Realty Group in Carrollton, Ga., which specializes in business liquidations and bankruptcy auctions.

Hagen is selling off convenience stores and restaurants, including a collection of Bennigan's and Steak & Ale restaurants that closed, after the chains' parent company filed for bankruptcy. "We're looking at a lot of product," he said.

Meares Auction Group of Pelzer, South Carolina is auctioning off the equipment of several Meineke Muffler shops, as well as a group of Planet Beach Tanning Salons that have recently gone dark.

"I hate to see anyone go bankrupt. But when they go bankrupt I hope they call us to work on the liquidation," said Chief Operating Officer Darron Meares.

Not all auctioneers are thriving, particularly those who specialize in auctioning autos to used car dealers. Dealers, these days are often short of cash, because they can't get bank loans.

"Some auctioneers are doing outstanding," said Chris Longley, Director of Public Affairs at the National Auctioneers Association. "There are those having a tough time. It depends on where you are and what sector of the

market you represent." ■

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